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ACTION WHA-00

INFO	LOG-00	NP-00	AID-00	AMAD-00	CIAE-00	INL-00	DODE-00
	PERC-00	SRPP-00	DS-00	EB-00	FBIE-00	VC-00	TEDE-00
	INR-00	LAB-01	VCE-00	AC-01	NSAE-00	OES-00	ACE-00
	IRM-00	SSO-00	SS-00	EPAE-00	DSCC-00	PRM-00	DRL-02
	NFAT-00	SAS-00	/004W				

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FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 9587
INFO DEPT OF COMMERCE WASHDC PRIORITY
DEPT OF ENERGY WASHDC PRIORITY
NSC WASHDC PRIORITY
USINT HAVANA PRIORITY
OPEC COLLECTIVE
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY MEXICO
AMEMBASSY PORT OF SPAIN
AMEMBASSY QUITO
AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000153

NSC FOR LLORENS
ENERGY FOR D.PHUMPHREY, A.LOCKWOOD, M.BILLIG, AND B.MARCOIS
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STATE PASS USAID FOR DCHA/OTI - R.ULLRICH AND R.PORTER

E.O. 12958: DECL: 01/16/2013
TAGS: EPET, PREL, CU, VE
SUBJECT: VENEZUELA RESUMES OIL SHIPMENTS TO CUBA

CLASSIFIED BY: AMBASSADOR CHARLES S. SHAPIRO, REASONS 1.5 (B) AND (D)

SUMMARY

1. (C) VENEZUELA'S SALES TO CUBA RESUMED IN EARLY JANUARY
2003 WITH TWO CRUDE SHIPMENTS. CRUDE SALES TO CUBA BETWEEN

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SEPTEMBER AND DECEMBER 2002 TOTALED \$103.3 MILLION, WHILE REFINED PRODUCT SALES TOTALED \$18.4 MILLION, FOR A TOTAL OF \$121.7 MILLION. THE VENEZUELAN PRESS ALLEGES THAT CUBA HAS NOW FALLEN BEHIND ON THE PAYMENT SCHEDULE IT RENEGOTIATED WITH PETROLEOS DE VENEZUELA (PDVSA) IN AUGUST 2002. CUBA REPORTEDLY OWED A \$16.4 MILLION PAYMENT ON ITS RE-NEGOTIATED DEBT ON DECEMBER 27 AND MARITIME SOURCES CONCUR THAT THIS PAYMENT WAS NOT MADE. (A LIST OF SEPTEMBER-DECEMBER SHIPMENTS TO CUBA IS INCLUDED BELOW.) END SUMMARY.

SHIPMENTS START, STOP, START AGAIN

2. (C) FOLLOWING THE RE-NEGOTIATION OF THE CUBAN OIL DEBT WITH PDVSA AND AN INITIAL \$29 MILLION PAYMENT, VENEZUELAN OIL SALES TO CUBA RESUMED IN SEPTEMBER 2002. AT THAT TIME, SOME
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SOURCES CALCULATED THAT THE ENTIRE DEBT MIGHT BE AS HIGH AS \$155 MILLION. CUBA, LIKE OTHER PDVSA CLIENTS, HAS SUFFERED FROM THE STRIKE. FOLLOWING A CRUDE SHIPMENT IN THE FIRST WEEK OF DECEMBER, NO VESSELS WERE DISPATCHED TO CUBA UNTIL EARLY IN JANUARY. ALMOST IMMEDIATELY AFTER THE GOV WAS ABLE TO GET MINIMUM PORT OPERATIONS GOING, HOWEVER, PDVSA DISPATCHED TWO VESSELS TO CUBA: THE "VICTORY ONE" LOADED WITH MESA 30 CRUDE ON JANUARY 3, FOLLOWED BY THE "PANCRUDE," ALSO LOADED WITH MESA 30 CRUDE, WHICH SAILED ON JANUARY 7.

PROTESTS ALSO START AGAIN

3. (C) AFTER THESE SHIPMENTS BECAME PUBLIC, THE STRIKE ORGANIZERS CONVOKED A MASS MARCH ON JANUARY 9 IN THE NAME OF OPPOSING THE GIFT OF VENEZUELA'S PATRIMONY TO CUBA. ON JANUARY 9, CARACAS DAILY "TAL CUAL" CARRIED A STORY REPORTING ON A STATEMENT ISSUED BY CUBAN FOREIGN MINISTER FELIPE PEREZ ROQUE TO REBUT THE ALLEGED CALUMNIES OF THE OPPOSITION.

4. (C) ACCORDING TO PEREZ ROQUE'S STATEMENT (WHICH MADE MUCH USE OF WORDS SUCH AS "FASCIST COUP MONGERS"), UNTIL APRIL 11, CUBA HAD RECEIVED 25,589,000 BARRELS OF OIL UNDER THE VENEZUELAN-CUBAN AGREEMENT FOR WHICH IT PAID \$439.7 MILLION. DURING THE PERIOD SEPTEMBER-NOVEMBER 2002, CUBA RECEIVED 4,444,000 BARRELS AND PAID \$96.4 MILLION. THE CUBAN STATEMENT ADDS: "AFTER THE SABOTAGE OF THE VENEZUELAN PETROLEUM INDUSTRY ON DECEMBER 2, IN THE FIRST TEN DAYS OF JANUARY TWO CARGOS HAVE BEEN SENT TO CUBA WHICH ARE EQUIVALENT, BY CONSERVATIVE CALCULATIONS, TO LESS THAN 5

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PERCENT OF VENEZUELAN EXPORTS SINCE THE SABOTAGE. OUR
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COUNTRY IS NOT THE FIRST BUT AMONG THE LAST TO RECEIVE IT.
FOR MORE THAN A MONTH, CUBA DID NOT RECEIVE A SINGLE BARREL
OF THE MILLION AND A HALF BARRELS WE SHOULD HAVE RECEIVED
UNDER THE AGREEMENT."

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SHIPMENT DATE	PRODUCT	VOLUME (000 BARRELS)	PRICE	PAYMENT DUE DATE
09-SEPT-02	CRUDE	333,010	\$9,238,239	06-DEC-02
15-SEPT-02	PRODUCT	239,968	\$7,640,461	13-DEC-02
18-SEPT-02	CRUDE	339,168	\$9,364,137	17-DEC-02
30-SEPT-02	CRUDE	338,921	\$9,798,206	27-DEC-02
03-OCT-02	CRUDE	299,850	\$8,435,290	01-JAN-03
11-OCT-02	CRUDE	369,041	\$10,221,808	09-JAN-03
12-OCT-02	CRUDE	300,158	\$8,345,383	10-JAN-03

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12-OCT-02	PRODUCT	38,358	\$ 892,448	10-JAN-03
14-OCT-02	PRODUCT	240,637	\$8,069,401	10-JAN-03
22-OCT-02	CRUDE	345,238	\$9,082,072	20-JAN-03
03-NOV-02	CRUDE	300,258	\$7,385,356	31-JAN-03
08-NOV-02	PRODUCT	38,507	\$ 880,176	06-FEB-03
10-NOV-10	CRUDE	358,360	\$8,532,552	07-FEB-03
13-NOV-02	CRUDE	319,043	\$7,475,177	11-FEB-03
16-NOV-02	CRUDE	323,540	\$7,678,672	14-FEB-03
22-NOV-02	PRODUCT	38,823	\$ 893,241	20-FEB-03
01-DEC-02	CRUDE	240,000	\$7,507,080	28-FEB-03

6. (C) [REDACTED] VENEZUELA SHIPPED
3,866,587 BARRELS OF CRUDE TO CUBA IN THE PERIOD BETWEEN
SEPTEMBER 9-DECEMBER 1, 2002. THE PRODUCTS SHIPPED INCLUDED
PROPANE AND BUTANE AND AN UNKNOWN PRODUCT IDENTIFIED AS
"G005S43CI." CRUDE SALES TOTALED \$103,363,972, WHILE PRODUCT
SALES TOTALED \$18,375,727, FOR A TOTAL OF \$121,739,699.
ACCORDING TO THE DOCUMENT, CUBA OWED A \$16,438,192 PAYMENT ON
ITS RE-NEGOTIATED DEBT ON DECEMBER 27. THE NEXT PAYMENT OF
\$16,572,452 IS DUE ON JANUARY 24, 2003 AND THE FEBRUARY
PAYMENT OF \$16,819,151 IS DUE ON FEBRUARY 21. THE DOCUMENT
LISTS THREE ADDITIONAL DECEMBER SHIPMENTS OF PROPANE AND
BUTANE WHICH DID NOT TAKE PLACE BECAUSE OF THE STRIKE.

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WITH RESPECT TO THE

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[REDACTED]
PAYMENTS ISSUE, CUBA IS THE ONLY PDVSA CLIENT THAT RECEIVES 90-DAY (VICE 30-DAYS FOR MOST OTHERS) PAYMENT TERMS. THEREFORE, PAYMENT FOR THE FIRST SALE TO CUBA AFTER SHIPMENTS RESUMED IN SEPTEMBER WAS DUE ON DECEMBER 6. UNDER THE TERMS OF THE AGREEMENT, CUBA WOULD THEN HAVE BEEN REQUIRED TO PAY 80 PERCENT OF THE COST OF THE SHIPMENT WHILE 20 PERCENT WOULD BE COVERED BY THE LONG TERM FINANCING PROVISIONS OF THE AGREEMENT. UNTIL THAT DATE, WE ASSUME THAT CUBA WOULD ONLY HAVE BEEN MAKING A MONTHLY PAYMENT ON THE ROLLED OVER DEBT.

8. (C) THE FORMER PDVSA INTERNATIONAL TRADE MANAGER RECENTLY TOLD CARACAS DAILY "EL NACIONAL" THAT CUBA ALLEGEDLY HAD MISSED ITS SCHEDULED DECEMBER 27 PAYMENT ON THE ROLLED OVER DEBT. [REDACTED]

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[REDACTED] ALSO REPORTED THAT CUBA HAD NOT MADE ITS DECEMBER PAYMENT. THEY ADDED THAT PDVSA HAS ALSO NOT INVOICED CUBA FOR THE BILLS THAT HAVE BECOME PAYABLE SINCE THEN. INDICATIONS FROM OTHER PDVSA CLIENTS ARE THAT PDVSA'S ACCOUNTING SYSTEMS HAVE BROKEN DOWN TO SUCH AN EXTENT THAT PDVSA IS NOT BILLING OR COLLECTING ACCOUNTS RECEIVABLE. WE KNOW OF ONE U.S. PDVSA CLIENT WHICH HAD A HARD TIME FINDING A WAY TO PAY ITS BILL.

COMMENT

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[REDACTED]

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